



## DEPARTMENT OF THE TREASURY

### Internal Revenue Service

### Low Income Taxpayer Clinic Grant Program; Availability of 2023 Supplemental Grant Application Package

**AGENCY:** Internal Revenue Service (IRS), Treasury.

**ACTION:** Solicitation of supplemental applications.

**SUMMARY:** This document contains a notice that the IRS has provided a supplemental grant opportunity in [www.grants.gov](https://www.grants.gov) for organizations interested in applying for a Low Income Taxpayer Clinic (LITC) matching supplemental grant. The budget and the period of performance for the supplemental grant will be July 1 , 2023 - December 31, 2023. The application period runs from March 7, 2023, through April 18, 2023. Due to the Consolidated Appropriations Act, 2023, the LITC Program Office has more funding for fiscal year 2023, and the maximum amount of an award an organization can receive for year 2023 has been increased from \$100,000 to \$200,000. Organizations currently receiving an LITC grant for 2023 are also eligible for an increase in funding up to \$200,000 (including any funds already awarded); however, those organizations do not need to apply in response to this notice and instead will be contacted directly by the LITC Program Office. For all other organizations applying for a supplemental grant for the remainder of 2023, the following process applies.

**DATES:** All supplemental applications must be filed electronically by 11:59 p.m. (Eastern Time) on April 18, 2023. All organizations must use the funding number of TREAS-GRANTS-052023-002, and the Catalog of Federal Domestic Assistance program number is 21.008, see [www.sam.gov](https://www.sam.gov). The LITC Program Office is scheduling a webinar for March 9, 2023, to cover the full application

process. See [www.irs.gov/advocate/low-income-taxpayer-clinics](https://www.irs.gov/advocate/low-income-taxpayer-clinics) for complete details, including posting materials and any changes to the date and time.

**FOR FURTHER INFORMATION CONTACT:** Karen Tober at (202) 317-9590 (not a toll-free number) or by e-mail at [karen.tober@irs.gov](mailto:karen.tober@irs.gov). The LITC Program Office is located at: IRS, Taxpayer Advocate Service, LITC Grant Program Administration Office, TA: LITC, 1111 Constitution Avenue, NW, Room 1034, Washington, D.C. 20224. Copies of the *2023 Grant Application Package and Guidelines*, IRS Publication 3319 (Rev. 5-2022), can be downloaded from the IRS internet site at <https://www.taxpayeradvocate.irs.gov/about-us/litc-grants/> or ordered by calling the IRS Distribution Center toll-free at 1-800-829-3676. See <https://youtu.be/6kRrjN-DNYQ> for a short video about the LITC Program. Note, however, that some provisions of the Publication 3319 are now out of date. To assist organizations in applying for supplemental funding, the “Reminders and Tips for Completing Form 13424-M” available at <https://www.taxpayeradvocate.irs.gov/about-us/litc-grants/> will include details about the out-of-date provisions, including instructions for which questions an organization should complete if requesting funding only for the taxpayer education pilot program described in this notice.

## **SUPPLEMENTARY INFORMATION:**

### **Background**

Pursuant to 26 U.S.C. 7526, the IRS will annually award up to \$6,000,000 (unless otherwise provided by specific Congressional appropriation) to qualified organizations, subject to the limitations in the statute. In the recently enacted Consolidated Appropriations Act, 2023, Congress appropriated \$26,000,000 for the LITC Program for fiscal year 2023. See Public Law No. 117-328, Division E. Grants may be awarded for the development, expansion, or continuation of programs providing qualified services. Grant funds may be awarded for start-up expenditures incurred by new clinics

during the grant year. At least 90 percent of the taxpayers represented by the clinic must have incomes which do not exceed 250 percent of the poverty level as determined under criteria established by the Director of the Office of Management and Budget. See 88 Fed. Reg. 3424-25 (Jan. 19, 2023). In addition, the amount in controversy for the tax year to which the controversy relates generally cannot exceed the amount specified in Internal Revenue Code (IRC) section 7463 (\$50,000) for eligibility for special small tax case procedures in the United States Tax Court. IRC section 7526(c)(5) requires dollar-for-dollar matching funds.

### **Mission Statement**

Low Income Taxpayer Clinics ensure the fairness and integrity of the tax system for taxpayers who are low-income or speak English as a second language by: providing *pro bono* representation on their behalf in tax disputes with the IRS; educating them about their rights and responsibilities as taxpayers; and identifying and advocating for issues that impact these taxpayers.

### **Expansion of the Type of Qualified Services an Organization Can Provide**

In recent years, the IRS has awarded grants to organizations that represent low-income taxpayers in controversies before the IRS and provide education to taxpayers who speak English as a second language (ESL taxpayers) regarding their rights and responsibilities. Previously, the IRS would not award a grant to an organization solely referring taxpayers to other qualified representatives. Similarly, the IRS required organizations to provide controversy representation in addition to education to eligible taxpayers.

Due to the Consolidated Appropriations Act, 2023, the LITC Program Office has more funding available for fiscal year 2023, and the maximum amount of an award

an organization can receive for 2023 has been doubled. In addition, the Covid-19 pandemic has brought about several positive changes in how LITCs can provide services virtually to low-income and ESL taxpayers and has caused the LITC Program Office to reconsider some grant award policies consistent with statutory authority. To achieve maximum access to justice for low-income and ESL taxpayers, the LITC Program Office is expanding the eligibility criteria for a grant by removing the requirement for eligible organizations to provide direct controversy representation. Specifically, under this expansion, a qualified organization may receive a grant for the following activities of (1) referring low-income taxpayers in a controversy with the IRS to a qualified representative instead of providing controversy representation directly to those taxpayers; or (2) operating a pilot program to inform ESL taxpayers about their taxpayer rights and responsibilities without also providing controversy representation.

Thus, a qualified organization is one that (1) ensures low-income taxpayers have access to representation (either by providing the representation directly, or providing it indirectly with a referral to a qualified representative) in controversies with the IRS, or that (2) provides ESL taxpayers education about their taxpayer rights and responsibilities.

Although a qualified organization is no longer required to provide both representation and education services, organizations are still encouraged to provide both services, if their resources allow. A qualified organization must not charge more than a nominal fee for its services (except for reimbursement of actual costs incurred).

Examples of a qualified organization include: (1) a clinical program at an accredited law, business, or accounting school whose students represent low-income taxpayers in tax controversies with the IRS (and when necessary, refer to qualified volunteers to provide representation when the students cannot do so), (2) an

organization exempt from tax under IRC section 501(a) whose employees and volunteers represent low-income taxpayers in controversies with the IRS, (3) an organization exempt from tax under IRC section 501(a) whose employees and volunteers refer to qualified representatives to provide representation, (4) an organization that operates a program to inform ESL taxpayers about their taxpayer rights and responsibilities, and (5) an organization that operates a program to inform ESL taxpayers about their taxpayer rights and responsibilities and functions as a referral service to refer taxpayers to qualified representatives for controversy representation, but such organization must be tax-exempt under section 501(a).

The ability to satisfy the representation component of the LITC mission through referral of taxpayers to qualified representatives will be permanently incorporated into the LITC Program. Currently, the pilot program on educating ESL taxpayers without also providing controversy representation is only for the remainder of the 2023 grant year. Depending on the success of organizations awarded a grant for the pilot program, the LITC Program Office will determine whether to continue the pilot program in subsequent grant years.

### **Selection Consideration**

Despite the IRS's efforts to foster parity in availability and accessibility in choosing organizations receiving LITC matching grants and the continued increase in clinic services nationwide, there remain communities that are underserved by clinics. The states of Hawaii, Montana, Nevada, North Dakota, and the territory of Puerto Rico currently do not have an LITC. In addition, two states – Arizona and Florida – have only partial coverage. The uncovered counties in those states are:

Florida: Baker, Bradford, Citrus, Clay, Columbia, Dixie, Duval, Flagler, Hamilton, Hemando, Lafayette, Madison, Nassau, St. Johns, Sumter, Suwannee, and Taylor.

Arizona: Apache, Coconino, and Navajo.

Although each application for the 2023 grant year will be given due consideration, the IRS is interested in receiving applications from organizations providing services in those underserved geographic areas. For organizations that intend to refer low-income taxpayers in controversies with the IRS to other qualified representatives, priority will be given to established organizations that can help provide coverage to underserved geographic areas. For the taxpayer education pilot program, special consideration will be given to established organizations with existing community partnerships that can swiftly implement and deliver services to the target audiences. As in prior years, the IRS will consider a variety of factors in determining whether to award a grant, including: (1) the number of taxpayers who will be assisted by the organization, including the number of ESL taxpayers in that geographic area; (2) the existence of other LITCs assisting the same population of low-income and ESL taxpayers; (3) the quality of the program offered by the organization, including the qualifications of its administrators and qualified representatives, and its record, in providing services to low-income taxpayers; (4) the quality of the organization, including the reasonableness of the proposed budget; (5) the organization's compliance with all federal tax obligations (filing and payment); (6) the organization's compliance with all federal nontax monetary obligations (filing and payment); (7) whether debarment or suspension (31 CFR Part 19) applies or whether the organization is otherwise excluded from or ineligible for a federal award; and (8) alternative funding sources available to the organization, including amounts received from other grants and contributors and the endowment and resources of the institution sponsoring the organization.

In addition, the IRS will consider two additional factors for organizations that refer taxpayers to other qualified representatives: (1) the quality of the representatives

(attorneys, certified public accountants (CPAs), or enrolled agents (EAs) who have agreed to accept taxpayer referrals from an LITC and provide representation or consultation services free of charge; and (2) the quality of the organization to monitor referrals and ensure that the pro bono representatives are handling the cases properly, including taking timely case actions and ensuring services are offered for free.

Applications that pass the eligibility screening process will then be subject to technical review. Details regarding the scoring process can be found in Publication 3319. The final funding decisions are made by the National Taxpayer Advocate, unless recused.

The costs of preparing and applying are the responsibility of each applicant.

Applications may be released in response to Freedom of Information Act requests.

Therefore, applicants must not include any individual taxpayer information.

The LITC Program Office will notify each applicant in writing once funding decisions have been made. Applicants that want to be considered for 2024 grant year funding will need to apply for a separate grant when the applicable application period opens on or about May 1, 2023.

**Kim S. Stewart,**

*Deputy National Taxpayer Advocate.*